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United States Department of State

Washington, D.C. 20520

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Interagency Group No. 52

TO:	OVP	Mr. Donald Gregg
	NSC	Mr. Robert Kimmitt
	Agriculture	Mr. Randy Russell
	CIA	[redacted] 25X1
	Commerce	Mrs. Helen Robbins
	Defense	Col. David R. Brown
	Energy	Mr. William Vitale
	EPA	Mr. Fitzhugh Green
	Interior	Mr. Stephen Gleason
	NASA	Mr. Kenneth Pederson
	OMB	Mr. Alton Keel
	Treasury	Mr. Edward Stucky
	USIA	Mr. C. William LaSalle
	USTR	Mr. Dennis Whitfield

SUBJECT: Post-Quebec NSSD on US Policy Toward Canada

Attached is a draft Executive Summary of the NSSD on US Policy Toward Canada. It will have to be altered to conform to the recommendations contained in the individual papers which will comprise the finished study. Some of those papers are not yet finished. In the meantime, agencies are asked to clear the remaining parts of the Summary. Please telephone your clearances to Carroll Brown, Director, Office of Canadian Affairs, at the Department of State, telephone number 632-2170.

for Nicholas Platt
Executive Secretary

Attachment

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SUBJECT: NSSD on U.S. Policy Toward Canada

Executive Summary

In the National Security Study Directive prepared before the President's March trip to Canada, Washington agencies concluded that, "Today, the tone of the Canada-United States relationship may very well be the best in 40 years." The significant accomplishments at the Quebec Summit served to corroborate that assessment and to lend new impetus to the positive direction bilateral ties have assumed in recent years.

Interagency groups have now examined how to sustain this momentum over the next few years. They agreed that any strategy dealing with future US-Canada relations must take into account three assumptions about the future:

-- Our two countries are likely to remain each other's closest ally and largest trading partner;

-- Problems, some serious, are bound to persist as a result of our cohabitation of the North American continent;

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-- Asymmetries of population size, economic strength, and global responsibilities will unavoidably mean that the U.S. is more important to Canada than Canada to the U.S.

Given these assumptions, agencies asked themselves how the present good relations could be maintained over the longer haul. Early on, the question arose as to what constitutes good U.S.-Canada relations. The consensus was that ties between our two countries can be described as good when we address in a responsible, dispassionate way the issues which will inevitably arise and when each partner sees the other as treating it seriously and positively. With that as a general goal to be achieved and maintained, the group then tried to define some more specific U.S. objectives to be striven for over the next 4-5 years. These objectives and the strategies to achieve them can be summarized as follows:

Objective: To institutionalize the present frequent high-level consultations between the two governments.

Strategy: We recommend continuation of the yearly meetings between the Prime Minister and the President, the 4-a-year sessions involving the Secretary of State and the Canadian Foreign Minister, and encouragement of other cabinet and sub-cabinet counterpart meetings.

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Objective: To strengthen Canada's military posture and its contribution to NATO and North American Defense.

Strategy: Use every summit and every meeting between the Secretaries of State and Defense with their Canadian counterparts to prod the GOC on this subject. As for North American Defense, we recommend a 5 year extension of NORAD when the present agreement expires in 1986.

Objective: To encourage Canada to play a useful role in world affairs, and more particularly within the NATO Alliance.

Strategy: Explore the possibility of having Canada take the lead in creating a NATO working group, "NATO-North", to include Norway, Denmark and the UK.

Objective: To negotiate a free North American energy trade based on market pricing.

Strategy: That we develop a timetable to achieve this by 1990.

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Objective: To manage the acid rain issue in such a way as to prevent damage to the overall US-Canada relationship.

Strategy: Negotiate with the Canadians a joint technological initiative to bring down the cost of emissions control.

Objective: To negotiate an East Coast fisheries agreement.

Strategy: Work out a negotiating posture, with fallbacks, with the industry and appropriate congressional leaders and then begin talks with the GOC in early 1986.

Objective: To resolve remaining boundary disputes.

Strategy: Determine in order of complexity which disputes would be easier to settle and then begin talks in early 1986.

Objective: To enhance US public diplomacy to deal with Canadian reservations on cultural integrity and on US foreign policy goals.

Strategy: Develop a multi-year program involving stepped-up speaker programs.

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In devising strategies to achieve these goals, agencies also considered possible negative developments which could undo or reduce the level of cooperation which now exists. Four possibilities were identified:

-- The Canadian economy is not recovering vigorously from the 1982-83 recession. Prime Minister Mulroney's policy of encouraging American and other foreign investment is predicated on the assumption that such investment would stimulate Canada's economy and create jobs. If this does not happen, Mulroney will lose some credibility and his pro-US tilt will be called into question;

-- Protectionist measures passed by the U.S. Congress could impact so badly in Canada that public support for closer ties could evaporate. This possibility would be compounded if a freer trading arrangement between the U.S and Canada proves unnegotiable;

-- U.S. foreign policies in areas already questioned by large segments of the Canadian population (e.g.,

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Central America, arms control) could force Mulroney to renege on his promise to "give the Americans the benefit of the doubt," thus undercutting support in both countries for warmer ties.

-- Disagreements over the future of the continental defense system are possible. The Canadian government may become reluctant to participate in enhancements of the system which are space based.

Other developments, such as a complete stand-off on the acid rain issue, could also jeopardize our bilateral relationship, but agencies concluded that if these three pitfalls can be effectively avoided, chances for a continuation of the current healthy and positive trend are excellent.

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